

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7398

BILL NUMBER: SB 404

NOTE PREPARED: Jan 6, 2009

BILL AMENDED:

SUBJECT: Homeowners Associations.

FIRST AUTHOR: Sen. Tallian

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: The bill provides that: (1) a grantee of real estate is not liable for; and (2) the real estate conveyed is not subject to a homeowners association lien for; any unpaid homeowners association assessments against the grantor unless the grantee has actual knowledge of the unpaid assessments. The bill allows the manager of a homeowners association to enforce a homeowners association lien by filing a complaint in the circuit or superior court of the county where the real estate that is the subject of the lien is located.

The bill provides that a complaint must be filed not later than six years after the date the statement and notice of intention to hold a lien is recorded instead of one year after the date. The bill allows a homeowners association or the manager of the homeowners association acting on behalf of the association to: (1) bid on the real estate at a homeowners association lien foreclosure sale; and (2) acquire, hold, lease, mortgage, and convey the real estate. The bill specifies that an action to recover a money judgment for unpaid homeowners association common expenses may be maintained without foreclosing or having a lien securing the expenses.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues: The bill could reduce the number of suits filed by increasing the deadline to file to six years (currently one year). If fewer suits were filed, the General Fund would not receive less revenue from court filing fees.

Explanation of Local Expenditures:

Explanation of Local Revenues: The local portion of court filing fees could be reduced if fewer suits occur as a result of the bill. (See: Explanation of State Revenues)

State Agencies Affected:

Local Agencies Affected: Trial courts.

Information Sources:

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